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Legislative Notice

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S. 1608 – Secure Rural Schools and Community Self-Determination Act

Calendar No. 520

Reported by the Senate Committee on Energy and Natural Resources on April 25, 2000, with an amendment in the nature of a substitute, on a voice vote. S. Rept. 106-275. Hearings held October 5 and 19, 1999, in the Subcommittee on Forests and Public Land Management.

NOTEWORTHY

- In the near future, the Senate may take up S. 1608 if a managers' amendment is agreed to.
- S. 1608 restores stability and predictability to the annual payments made to states and counties containing forest lands managed by the Forest Service and the Bureau of Land Management.
- The bill directs payments (timber-related funds plus other Treasury funds as necessary to meet specified payment levels) to states containing Forest Service lands to be used for public education and transportation in the affected counties; it further directs payments to counties containing Bureau of Land Management lands to be used for public safety, law enforcement, education, and other public purposes.
- Federal lands receipt-sharing payments to states have been made for nearly a century. S. 1608 alters the current payment system formula, and requires that 15-to-20 percent of the payment must be spent on special federal lands projects approved by the federal government and by a local advisory committee.
- A similar bill, H.R. 2389, passed the House on November 3, 1999, by a vote of 274-153.

HIGHLIGHTS

- S. 1608 directs the Secretary of the Treasury to make payments (timber-related funds plus other Treasury funds as necessary to meet specified payment levels) to: (1) states from Forest Service lands for affected counties to use for public education and transportation; and (2) counties from Bureau of Land Management lands for public safety, law enforcement, education, and other public purposes.

- S. 1608 requires that 15-to-20 percent of the payment must be spent on special federal lands projects approved by both the appropriate cabinet level Secretary (i.e., Agriculture or Interior) and by a local advisory committee. The bill establishes an advisory committee for each National Forest and Bureau of Land Management district managing federal lands composed of local governmental interests, users and development proponents, and environmental and other protection advocates.

- S. 1608 requires that a share of payments be directed to investment on federal lands to improve forest health, reduce the risk of catastrophic wildfires, and improve relations between federal agencies and county governments.

- The need for this legislation is due in part to declining federal forest land revenues, principally federal timber sales: in fiscal year 1998, national forest revenues (subject to sharing) were $557 million, only 36 percent of the fiscal year 1989 peak revenues of $1.531 billion. The eastern Oregon counties that contain the Ochoco National Forest have seen the largest decline, with fiscal year 1998 payments of $309,000, down from fiscal year 1991 payments of more than $10 million — a 97-percent decline.

- The lack of stability in payments from year to year, and the resulting budgetary problems for affected counties is another reason for the bill. The Congressional Research Service estimates that the payments from each national forest have risen or fallen by an average of nearly 30 percent annually since FY 1985.

- About 700 counties in 41 states contain National Forest System or Bureau of Land Management lands. Some counties in the intermountain West are more than 50-percent owned by the federal government.

BACKGROUND

S. 1608 seeks to provide annual payments for the benefit of public schools and roads to counties that contain National Forest System lands managed by the U.S. Forest Service, and for schools, roads, and other public purposes for lands managed predominantly by the Bureau of Land Management. S. 1608 also seeks to improve cooperative relationships among the people that use and care for federal lands and the agencies that manage those lands.

The National Forest System, which is managed by the U.S. Forest Service, was established in 1907 and has grown to include approximately 192 million acres of federal lands.

The public domain lands known as revested Oregon and California Railroad grant lands and the reconveyed Coos Bay Wagon Road grant lands, which are managed predominantly by the Bureau of Land Management, were returned to federal ownership in 1916 and 1919, and now comprise approximately 2.6 million acres of federal lands.

Congress recognized that, by its decision to secure these lands in federal ownership, the counties in which the lands are situated would be deprived of property tax and other revenues they would otherwise receive if the lands were held in private ownership.

These same counties have expended public funds year after year to provide services such as education, road construction and maintenance, search and rescue, law enforcement, waste removal, and fire protection that directly benefit federal lands and the people who use them.

To accord a measure of compensation to the affected counties for the critical services they provide to both county residents and visitors to these federal lands, Congress determined that the federal government should share with these counties a portion of the revenues the United States receives from these Federal lands.

Existing Payment Formulas

In 1908, Congress enacted and subsequently amended a law that requires that 25 percent of the revenues derived from National Forest System lands be paid to states for use by the counties in which the lands are situated for the benefit of public schools and roads.

In 1937, Congress enacted and subsequently amended a law that requires that 75 percent of the revenues derived from the revested and reconveyed grant lands in California, Oregon, and Washington be paid to the counties in which those lands are situated to be used as are other county funds.

For several decades, primarily due to the growth of the federal timber sale program, counties dependent on and supportive of these federal lands received and relied on increasing shares of revenues to provide funding for schools and road maintenance.

In recent years, federal timber sales, the principal source of these revenues, have been sharply curtailed and, as the volume of timber sold annually from most federal lands has decreased precipitously, so too have the revenues shared with the affected counties.

The decline in shared revenues has affected educational funding and road maintenance for many counties. In the Omnibus Budget Reconciliation Act of 1993, Congress recognized the trend and ameliorated its adverse consequences by providing an alternative annual safety net payment to 72 counties in Oregon, Washington, and northern California in which federal timber sales had been restricted or prohibited by administrative and judicial decisions to protect the northern spotted owl.

The authority for these particular safety net payments is expiring, and no comparable authority has been granted for alternative payments to counties elsewhere in the United States that have suffered similar losses in shared revenues from the federal lands and in the funding for schools and roads those revenues provide.

The Need for S. 1608

S. 1608 addresses the need to stabilize education and road maintenance funding with predictable payments to affected counties, job creation in those counties, and other opportunities associated with restoration, maintenance, and stewardship of federal lands. Both the Forest Service and the Bureau of Land Management face significant backlogs in infrastructure maintenance and ecosystem restoration that are difficult to address through annual appropriations.

S. 1608 states that there is a need to build new and strengthen existing relationships, and to improve management of public lands and waters. To accomplish those needs the bill would make additional investments in and create additional employment opportunities through projects that improve existing infrastructure and enhance forest ecosystems by improving land health and water quality. Such projects may include, but are not limited to:

- Road, trail, and infrastructure maintenance or obliteration;
- Soil productivity improvement;
- Improvements in forest health;
- Watershed restoration and maintenance;
- Restoration, maintenance, and improvement of wildlife and fish habitat;
- Control of noxious and exotic weeds;

- Reestablishment of native species; and

- General resource stewardship.

BILL PROVISIONS

SUMMARY

S. 1608 would let counties choose, every two years, to receive either the standard receipt-sharing payment or a "full payment" of 100 percent of the average of the three highest payments between FY1984 and FY1999, indexed for inflation.

Additional funds to achieve the full payment would be permanently appropriated, and would come first from agency receipts (excluding deposits to trust funds and special accounts) and then from "any funds in the Treasury not otherwise appropriated," as determined by the Treasury Secretary (i.e., from the General Fund of the Treasury).

Except for counties receiving less than $100,000 annually, 15-20 percent must be spent on special projects on federal lands or remitted to a special fund to be used by participating counties. The projects would be proposed by local resource advisory committees and would be approved by the appropriate Secretary if the proposal met the specified criteria (including compliance with all applicable laws and regulations, and with resource management and other plans). The local advisory committees would be composed of 15 members representing three categories of local interests – users and development proponents; environmental and other protection advocates; and local governmental interests – with project approval requiring a majority from each of the three groups. Funding for the projects would come from the 15-20 percent of county payments reserved by each county or from a special account for each federal agency, funded from 15 percent of the county payments for counties choosing not to reserve funds themselves, and from any revenues generated by the projects, and spent based on priorities established by the Secretaries.

For a detailed section-by-section analysis of S. 1608, see S. Rept. 106-275, pp. 13-18.

ADMINISTRATION POSITION

No Statement of Administration Position was available at press time.

COST

The Congressional Budget Office (CBO) estimates that enacting S. 1608 would increase direct spending by $248 million in fiscal year 2001 and by about $1.5 billion over the 2001-2005 period.

OTHER VIEWS

No dissenting views were filed with the Committee report. The Chamber of Commerce of the United States, the National Association of Counties, and the National Education Association support S. 1608.

POSSIBLE AMENDMENTS

A managers' amendment of a technical nature will be offered. It will include language to assure the cost of the legislation fits within budget resolution numbers.

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